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**WARD 3, AVOUELLES
WATERWORKS DISTRICT**
Marrero, Louisiana

Financial Report

Year Ended December 31, 2005

Under provisions of 2005 law, this report is a public document. Access of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, some office of the parish clerk of court.

Release Date 7-25-08

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INDEPENDENT AUDITORS' REPORT

To: Joan Decair, President,
And The Board of Directors
Ward 3, Arroyelles Waterworks District

We have audited the accompanying component unit financial statements of the Ward 3, Arroyelles Waterworks District (District), Metairie, Louisiana, as of and for the year ended December 31, 2005. These component unit financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Ward 3, Arroyelles Waterworks District, Metairie, Louisiana, as of December 31, 2005, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 29, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The financial information listed as "supplementary information" in the table of contents which includes the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

Kelley, Champagne, Stevens & Company, LLC
Certified Public Accountants

COMPONENT UNIT FINANCIAL STATEMENTS

WARD 3, APOYELLES WATERWORKS DISTRICT
MANSLINA, LOUISIANA

Proprietary Fund Type
Enterprise Fund
Balance Sheet
December 31, 2000

ASSETS

Current assets:	
Cash and cash equivalents	\$ 181,512
Investments	10,000
Accounts receivable:	
Water sales	38,497
Apoyelles Water Customers	28,478
Prepaid insurance	3,434
Inventory	8,000
Total current assets	<u>300,917</u>
Restricted assets:	
Customer deposits -	
Cash and cash equivalents	20,470
Fund accounts -	
Cash and cash equivalents	10,466
Investments	<u>31,280</u>
Total restricted assets	<u>62,216</u>
Property, plant and equipment:	
Land	9,280
Building and equipment	<u>1,147,623</u>
Total	1,156,903
Less: accumulated depreciation	<u>(287,458)</u>
Net property, plant and equipment	<u>869,445</u>
Total assets	<u>\$ 1,232,578</u>

See accounting report.

LIABILITIES AND FUND EQUITY

Current liabilities:

Current liabilities (payable from current assets) :

Accounts payable	\$ 21,118
Retainage payable	57,000
Payroll taxes payable	910
Sales tax payable	<u>(362)</u>
Total current liabilities (payable from current assets)	<u>78,666</u>

Current liabilities (payable from restricted assets) :

Customer deposits	42,807
Accrued interest receivable	876
Current maturities of long-term debt	<u>7,451</u>
Total current liabilities (payable from restricted assets)	<u>51,134</u>

Long-term liabilities:

Revenue bonds payable (not of current period)	<u>316,210</u>
Total liabilities	<u>485,250</u>

Fund equity:

Contributed capital :

Customers	5,000
Grants	<u>281,940</u>
Total contributed capital	287,940
Less: Accumulated amortization	<u>(175,100)</u>
Net contributed capital	<u>112,840</u>

Retained earnings:

Reserve -	
Revenue bond contingency	11,207
Unreserved	<u>274,540</u>
Total retained earnings	<u>285,747</u>
Total fund equity	<u>471,607</u>
Total liabilities and fund equity	<u>\$ 956,857</u>

WARD 1, AVOYELLES WATERWORKS DISTRICT
MONROE, LOUISIANA

Proprietary Fund Type
Enterprise Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended December 31, 2003

Operating revenues:	
Charges for services - water sales and fees	<u>1,170,098</u>
Operating expenses:	
Cost of water sold	162,160
Salaries	44,092
Payroll taxes	1,846
Fuel	1,241
Utilities	9,436
Telephones	2,739
Office supplies	3,887
Postage	2,436
Repairs and maintenance	34,041
Auditing fees	1,540
Commissioner fees	1,580
Contract services	280
Insurance	10,584
Depreciation	30,885
Meter reading expense	6,268
Deer	718
Other operating	<u>1,073</u>
Total operating expenses	<u>381,995</u>
Operating income	<u>788,103</u>
Nonoperating revenues (expenses):	
Interest income	1,206
Interest expense	<u>(9,133)</u>
Total nonoperating revenues (expenses)	<u>(7,927)</u>
Net income	18,176
Add: Depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally financed the capital acquisitions and construction that reduces contributed capital	7,189
Retained earnings, beginning	<u>143,643</u>
Retained earnings, ending	<u>1,109,897</u>

See accountant's report.

**WARD 3, AVOYELLES WATERWORKS DISTRICT
MANHUR, LOUISIANA**

**Proprietary Fund Type
Enterprise Fund
Statement of Cash Flows
Year Ended December 31, 2003**

Cash flows from operating activities:	
Cash received from customers	\$ 328,385
Cash payments to suppliers for goods and services	(126,212)
Cash payments to employees for services	<u>168,313</u>
Net cash provided by operating activities	<u> 33,860</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(531)
Interest paid on notes payable	(1,289)
Increase in retainage payable	37,091
Proceeds from USDA note	317,960
Acquisitions of plant and equipment	<u>(396,323)</u>
Net cash used for capital and related financing activities	<u>(38,992)</u>
Cash flows from investing activities:	
Increase in investments	(443)
Interest received on investments	<u>1,320</u>
Net cash provided by investing activities	<u> 877</u>
Net increase in cash and cash equivalents	14,745
Cash and cash equivalents, beginning of year	<u>117,313</u>
Cash and cash equivalents, end of year	<u>\$ 141,785</u>

(Continued)

WARD 3, AYOUELLES WATERWORKS DISTRICT
MANSURA, LOUISIANA

Proprietary Fund Type
Enterprise Fund
Statement of Cash Flows (Continued)
Year Ended December 31, 2005

Reconciliation of net income to net cash
provided by operating activities:

Operating income	<u>\$17,874</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	30,085
Changes in assets and liabilities:	
Decrease accounts receivable	1,498
Increase in accounts payable	4,108
Decrease in payroll taxes payable	(135)
Decrease in sales taxes payable	(474)
Decrease in customer deposits	<u>(282)</u>
Total adjustments	<u>35,676</u>
Net cash provided by operating activities	<u>\$53,550</u>

See accountants' report.

WARD 3, AYOVELLES WATERWORKS DISTRICT
Mandeville, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Ward 3, Ayovelles Waterworks District (hereinafter referred to as District) was incorporated on July 10, 1975 as a nonprofit corporation as defined in Louisiana Revised Statutes, Title 33, Chapter 5, Section 3811 et seq. The District is authorized to construct, maintain, and improve the system of water supply within the district.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, *Audit of State and Local Governmental Units*.

The Water District is a component unit of the Ayovelles Parish Police Jury, the primary government. The commissioners of the District are appointed by the Ayovelles Parish Police Jury.

The Water District serves approximately 698 customers and has 3 employees.

A. Basis of Presentation

The accompanying component unit financial statements of the Ward 3, Ayovelles Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Ayovelles Parish Police Jury, the Ayovelles Parish Police Jury appoints the Board of Commissioners and has the ability to impose its will on the District and, therefore, is considered to be a component unit of the Ayovelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

WARD 3, AVOUELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to Financial Statements (Continued)

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurement made, regardless of the measurement focus applied.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all estimable fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-20 years
Buildings	40 years
Storage tanks	40 years
Utility Systems and Improvements	20-40 years

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 2000, there were no interest charges capitalized on fixed assets acquired or constructed.

WARD 3, AVYDELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to Financial Statements (Continued)

F. Investments

Investments which consist of insured money market accounts and interest-bearing demand deposit accounts are stated at cost, which approximates market.

G. Restricted Assets

Certain proceeds of the Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2003 is immaterial.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

K. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from these estimates.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to Financial Statements (Continued)

(2) Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the District had cash and interest-bearing deposits (book balances) totaling \$141,758. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (book balances) at December 31, 2003 of \$148,194 were secured in total by federal deposit insurance.

The investments held by the District are comprised of time deposits with a maturity of one year. The carrying amount approximates market. The book and bank balances totaling \$48,190 were secured by federal deposit insurance.

(3) Accounts Receivable

The accounts receivable balance at December 31, 2003 of \$38,697 consisted of the following:

Billed -		
Current	\$25,463	66%
Arrears	963	2%
Total billed	26,424	68%
Unbilled	12,272	
Gross receivables	38,697	
Less allowance	-	
Total receivables, net	<u>\$38,697</u>	

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 2003 (approximately the 20th of December) to the end of the year.

During the year ended December 31, 2003, the District paid \$28,874 representing its one-third share of the expenditures for the Avoyelles Water Commission. The Avoyelles Water Commission will reimburse the District the payment of these expenditures.

WARD 3, AVOYELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to Financial Statements (Continued)

(4) Property, Plant, and Equipment

A summary of changes in property, plant and equipment follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>12/31/2002</u>			<u>12/31/2003</u>
Land	\$ 8,200	\$ -	\$ -	\$ 8,200
Buildings	61,755	-	-	61,755
Equipment	57,449	-	-	57,449
Distribution system	<u>696,518</u>	<u>440,500</u>	<u>-</u>	<u>1,640,721</u>
Totals	<u>\$ 116,922</u>	<u>\$440,500</u>	<u>\$ -</u>	<u>\$1,197,125</u>

During 2002 and 2003 the District was in the process of constructing a new pumping station along with ground level tanks. The project was substantially complete as of August 31, 2003. It was operational as of September 2003. The District will finance the remaining payable of \$57,600 with unallocated proceeds from their loan with the United States Department of Agriculture.

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2003:

	<u>Bonds</u>
	<u>Payable</u>
Long-term obligations payable, December 31, 2002	\$ 46,000
Additions	117,600
Deductions	<u>(211)</u>
Long-term obligations payable at December 31, 2003	<u>\$163,600</u>

The Water Revenue Bonds payable (current and long-term portions) are financed with the United States Department of Agriculture. As of December 31, 2003, the District borrowed \$263,998 of the \$415,000 water revenue bonds.

WARD 3, AYOVELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to the Financial Statements (Continued)

Bonds payable at December 31, 2003 is composed of the following individual bonds:

\$415,000 bonds dated December 17, 2002, bearing interest at 4.625% per annum, due in monthly payments of \$2,000, commencing December 17, 2004, with the final payment due November 17, 2025.	\$ 965,669
Less current portion	(7,453)
Long-term portion	\$ 958,216

The annual requirements to amortize the water revenue bonds including interest payments of \$268,893 are as follows:

December 31,	Principal	Interest	Total
2004	\$ 7,453	\$ 16,665	\$ 24,118
2005	7,865	16,311	24,116
2006	8,174	15,942	24,116
2007	8,560	15,556	24,116
2008	8,965	15,151	24,116
2009-2013	51,591	68,091	120,582
2014-2018	64,985	55,397	120,582
2019-2023	81,838	38,725	120,563
2024-2028	103,008	17,475	120,583
2029	21,178	484	21,664
	\$268,893	\$268,893	\$537,786

64) Flow of Funds Restrictions on Use - Utility Revenues

Under the terms of the bond indenture all of the income and revenues earned by the District from operations of the waterworks system must be deposited in the "Waterworks Revenue Fund". Monies in this fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system. By the 30th of each month out of the "Waterworks Revenue Fund" shall be transferred into the (1) "Waterworks Revenue Bond and Interest Sinking Fund" a sum equal to 1/120th of the principal and the interest falling due on the next maturing installment for the Bonds, (2) "Waterworks Reserve Fund" an amount equal to 3% of the amount transferred into the "Waterworks Revenue Bond and Interest Sinking Fund" until there is no deposit an amount equal to \$21,118 and (3) "Waterworks Depreciation Fund" a monthly amount equal to \$701. Because of the delay in final approval of the project, the District is not required to fund the Reserve Fund as of December 31, 2003.

WARD 5, AVOYELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to the Financial Statements (Continued)

	Sinking Fund	Reserve Fund	Depreciation Fund
Balance 12/31/00	\$ -	\$ -	\$41,600
Transfers in (out)	8,530	-	1,680
Interest earned	<u>(8,530)</u>	<u>-</u>	<u>456</u>
Balance 12/31/01	<u>\$ -</u>	<u>\$ -</u>	<u>\$43,686</u>

Restricted assets for the bond accounts are comprised of the following at December 31, 2001:

Cash	\$ -	\$ -	\$ 18,406
Investments	<u>-</u>	<u>-</u>	<u>10,280</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,686</u>

(7) **Retirement Commitments**

Employees of the District are members of the social security retirement system. The District has no further liability for retirement commitments. The FICA expense during 2001 on qualified payroll of \$44,182 was \$3,181.

(8) **Contributed Capital**

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

Contributed capital for the Water District consist of the following:

	Amounts
Customer contributions	\$ 5,000
State Grants	193,000
Federal Grants	<u>108,940</u>
Total contributed capital	<u>\$306,940</u>

WARD 3, ACOYELLES WATERWORKS DISTRICT
Maurice, Louisiana

Notes to the Financial Statements (Continued)

The contributed capital is extremely restricted for capital acquisitions or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase in retained earnings. In the current year, \$7,799 of contributed capital was amortized.

(9) Litigation

At December 31, 2003, there is no litigation pending against the District. The District is trying to obtain liquidating damages from the contractor on a number of items. The amount and the final outcome of this process is not known, therefore, it is not reflected in these financial statements.19

(10) Water Purchase Contracts

The District purchases its water from the Town of Coushatta, Louisiana. On January 25, 1999, the District renewed its water purchase contract with the Town for a period of three (3) years. The terms of the contract are as follows:

1. \$1.87 per 1,000 gallons up to 1,000,000 gallons
2. \$1.11 per 1,000 gallons in excess of 1,000,000 gallons
3. Term of contract is for 28 years

On August 1, 1994, the District entered a contract with Louisiana Water Company, a corporation domiciled at Baton Rouge, Louisiana (hereinafter referred to as LAWCO). The contract calls for the District to purchase water from LAWCO to be subsequently sold to Grand Caneau Acyelles. The contract term is for ten (10) years and expires on September 14, 2004. The District cost for this water is \$1.68 per 1,000 gallons.

(11) Board Member's Compensation

The Board of Commissioners' compensation for the year ending December 31, 2003 is as follows:

	Commissioner Fees <u>Per Diem</u>
Jean Ducuir	5,600
Leon Boudelon	600
Travis Braswell	600
Donald Sampson	720
Chris Burke	720
	<u>\$8,240</u>

WARD 3, AVOYELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to the Financial Statements (Continued)

(13) Federal Funds

The District received financing from the United States Department of Agriculture in the amount of \$405,000. The District has unamortized funds in the amount of \$71,189. The District expended the proceeds of this financing on the above ground tank and pumping station. During the year ended December 31, 2003, the District expended 374,901 of the \$405,000 on the above project.

SUPPLEMENTARY INFORMATION

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AND
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To Jean Desair, President,
and the Board of Directors
Metairie, Louisiana

We have audited the component unit financial statements of Ward 3, Avoyelles Waterworks District (District) as of and for the year ended December 31, 2005, and have issued our report thereon dated June 29, 2004. In our report, we issued an unqualified opinion on the component unit financial statements of the District. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs in Part II, Section D.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition described in the accompanying schedule of findings and questioned costs to be a material weakness.

This report is intended for the information of the District, the District's management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:313, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Monroeville, Louisiana
June 29, 2014

KOLDER, CHAMPAGNE, BLAYEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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*All licenses renewed/Current

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To Jean Desair, President,
and the Board of Directors
Marrasin, Louisiana

Compliance

We have audited the compliance of the Ward 3, Arroyelles Waterworks District (District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Guide for States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Our Total Audit Fees
Exceeded 1% Total
Revenue for 2003
Amount \$11,424.81
For 2003/04/05

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Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the component unit: financial statements of Ward 3, Arroyo Viejo Waterworks District as of and for the year ended December 31, 2003, and have issued our report thereon dated June 29, 2004. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the component unit financial statements of Ward 3, Arroyo Viejo Waterworks District. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the component unit financial statements taken as a whole.

This report is intended solely for the information and use of the District, the District's management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Keller, Champagne, Slavin & Company, LLC
Certified Public Accountants

Marksville, Louisiana
June 29, 2004

WARD 3, AYOVELLE WATERWORKS DISTRICT
 Monroe, Louisiana

Schedule of Federal Awards
 Year Ended December 31, 2003

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass-through Number</u>	<u>Loan Proceeds</u>	<u>Awards/ Expenditures</u>
United States Department of Agriculture Community Facilities Loans and Grants Direct Loan *	05/704	NA	\$ 317,804	\$ 317,804
Total Federal Awards			<u>\$ 317,804</u>	<u>\$ 317,804</u>

*Indicates major federal financial assistance program.

WARD 3, ABOUILLES WATERWORKS DISTRICT
Minerva, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2000

Part I. Summary of Auditor's Results:

1. An unqualified opinion was issued on the financial statements.
2. A reportable condition in internal control was disclosed by the audit of the financial statements. The reportable condition was considered to be a material weakness.
3. No instances of noncompliance were disclosed by the audit of the financial statements.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 518(a) of Circular A-133.
7. The major program was:
U. S. Department of Agriculture : Communities Facilities Loans and Grants, Above Ground Tank and Pumping Station.
8. The dollar threshold used to distinguish between Type A and Type B programs as described in Section 12004 of Circular A-133 was \$300,000.
9. The auditor did not qualify as a low-risk auditor under Section 518 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings -

There were no compliance findings.

Internal Control Finding-

62-1 Inadequate Segregation of Accounting Functions

Condition: Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

Recommendation: Based upon the size of the operation and the cost/benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: No response is considered necessary.

WARD 3, AVOYSELLES WATERWORKS DISTRICT
Monroe, Louisiana

Notes to Schedule of Federal Awards
Year Ended December 31, 2003

(1) **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Ward 3, Avoyelles Waterworks District (District). The District reporting entity is defined in Note 1 to the general-purpose financial statements for the year ended December 31, 2003. All federal financial assistance received directly from federal agencies is included on the schedule. The construction of the above ground tank and pumping station was considered a major federal program of the District.

(2) **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's component unit financial statements for the year ended December 31, 2003.

(3) **Relationship to General-Purpose Financial Statements**

Federal financial assistance in the form of loan proceeds are reported in the District's component unit financial statements as follows:

Proceeds of financing from USDA	
Current maturities of long-term debt	\$ 7,453
Revenue bonds payable, net of current portion	398,216
Plus amount of principal paid in 2003	128
Less amount borrowed in 2002	<u>(46,080)</u>
Total federal resources reported in the financial statements	<u>\$ 317,984</u>
Total per Schedule of Federal Awards	<u>\$ 317,984</u>

(4) **Relationship to Federal Financial Reports**

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

BOARD 1, AWOVELLES WATERWORKS DISTRICT

Monroe, Louisiana

**Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 2003**

Year Finding Reference Number	Description of Finding/ Management Action Recommended	Corrective Action Taken	Planned Corrective Action Period-Corrective Action Taken	Name of Contact Person	Anticipated Date of Completion
-------------------------------------	--	-------------------------------	---	---------------------------	--------------------------------------

CURRENT YEAR FINDINGS (12/31/03) -

Compliance

There were no compliance findings.

Internal Control

01-02 Unknown

Due to the small number of administrative personnel, the District did not have adequate segregation of accounting functions.

N/A

We agree that a complete separation of accounting functions would strengthen the controls, but with limited current financial resources we are not available to hire additional personnel at this time.

N/A

External Accounts

There were no findings related to external accounts.

PRIOR YEAR FINDINGS (12/31/02) -

Compliance

There were no compliance findings.

Internal Control

01-02 Unknown

Due to the small number of administrative personnel, the District did not have adequate segregation of accounting functions.

No